

PATRICK H. ARBOR
141 W. JACKSON BLVD.
CHICAGO, ILLINOIS 60604

February 20, 2007



Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: File No. SR-CBOE-2006-106

Dear Secretariat Morris:

The Chicago Board of Trade ("CBOT") conceived, birthed, nursed, nurtured and parented the Chicago Board Options Exchange ("CBOE"), and in return, the CBOT members were granted trading rights/access to the CBOE and the right to participate equally in any distribution from the CBOE's planned IPO. There are historical agreements, contracts and legal precedents recognizing these rights. Now the CBOE wants to eliminate the rights of CBOT members. The CBOE's proposed actions are a violation of our historical agreements and an attempt to strip the CBOT members of our rights and, more directly, to participate in the CBOE's planned IPO.

In the early 1970's, the CBOT invested substantial sums and guaranteed bank loans. The CBOT also provided and built two trading floors at some disruption to CBOT business and provided initial staff for the CBOE. In addition, CBOT members purchased additional memberships in the CBOE to raise capital, served on CBOE committees and provided the much needed liquidity by serving as designated market makers. In an effort to promote the CBOE, CBOT membership led by the O'Connor brothers (indeed, Eddie O'Connor was the first Chairman of the CBOE), launched the CBOE in our "smoker room" adjacent to the grain trading floor. We, the CBOT/CBOE members, were assigned equity options where we were required to make markets. During the grain trading day, we were often summoned from the grain pits to make markets and after the grain markets closed at 1:15 p.m., we rushed in to the CBOE to insure these fledgling markets would flourish. I was a designated market maker in McDonald's.

If not for the stalwart labors of the CBOT members providing markets, risking our capital to start SEC registered broker dealers to act as clearing firms to guarantee the trades of our members (mine was Shatkin Investment) and basically incubating the CBOE, it would not exist.

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The CBOE has always recognized our efforts and contributions and they are embedded in Article Fifth(b) of the CBOE's Articles of Incorporation. For the CBOE now to attempt to extinguish our rights and to deny our rights to participate in the planned IPO is a breach of our historical agreements embodied in Article Fifth(b) in the CBOE's charter and a denial of our substantial contributions.

The CBOT designed, launched, fostered, promoted and grew the CBOE. Article Fifth(b) of the CBOE's charter states: "in recognition of the special contribution, every present & future member of the CBOT be entitled to be a member of the CBOE." The CBOE charter clearly conveys the right to an "exercise right" and the right to participate equally in any distribution from the proposed IPO!

The CBOE's arbitrary proposal to negate our rights is a thinly disguised attempt to enrich the CBOE and its management at the expense of the CBOT members and should be denied. The CBOT members' rights should be maintained and we should be able to participate *pari passeu* with the CBOE members in the planned IPO.

THE PROPOSAL SUBMITTED IN FILE NO. SR-CBOE-2006-106 SHOULD BE DENIED.

Very truly yours,

A handwritten signature in black ink that reads "Patrick H. Arbor" with a stylized flourish at the end.

Patrick H. Arbor
Full member since 1965
Former Chairman of the CBOT (1993 -1998)